



**MINUTES FROM MEETING OF THE  
PLANS MANAGEMENT BOARD  
OCTOBER 24, 2017**

The Plans Management Board (the “Board”) held a meeting on October 24, 2017 at 9:00 a.m. in the main conference room of the Office of the State Treasurer (“OST”) located at 820 Silver Lake Blvd., Suite 100, Dover, DE 19904.

**Board Members Represented or in Attendance:**

Stephen Saville, Board Chair

Charles Campbell-King, Deferred Compensation Committee Chair

The Honorable Ken Simpler, State Treasurer

Robert Scoglietti, Director of Policy and External Affairs, Office of Management & Budget (on behalf of Director Jackson)

Deloris Hayes-Arrington, Director of Human Resources, Department of Finance (on behalf of Secretary Geisenberger)

Karen Field Rogers, Deputy Secretary, Department of Education (on behalf of Secretary Bunting)

Jenifer Vaughn, Controller, Department of Insurance (on behalf of Commissioner Navarro)

Ralph Cetrulo, Member at Large

Alan Colberg, Member at Large

Don Shandler, Member at Large

**Others in Attendance:**

Mr. Jason Staib, Deputy Attorney General, Department of Justice

Ms. Nora Gonzalez, Deputy State Treasurer, OST

Mr. John Meyer, Director of Contributions and Plan Management, OST

Mr. Mike Green, Investments and Operations Manager, OST

Mr. Daniel Kimmel, Promotion and Outreach Manager, OST

Mr. Omar Masood, Policy Advisor, OST

Mr. Justin Rozzero, Fidelity Investments

Mr. Peter Walsh, Fidelity Investments

Mr. Jeff Snyder Cammack Retirement Group

**CALLED TO ORDER**

The meeting was called to order at 9:00 a.m.

**PUBLIC SESSION**

**PRESENTATIONS—COLLEGE PLAN**

Mr. Rozzero presented updated business results for the college (529) plan. Mr. Rozzero said the number of new accounts are up modestly over the same period last year. Total assets in the plan reached an all-

time high. Mr. Rozzero believed plan contributions were strong despite high outflows. Mr. Rozzero discussed plans to enhance marketing efforts between Fidelity and OST.

Mr. Meyer gave an overview of strategic planning for the college plan. Mr. Meyer mentioned a similar exercise was conducted with the deferred compensation plans. Mr. Meyer outlined the mission statement and the goals that the Board had previously approved for the deferred compensation plans and questioned if the goals would be applicable to the college plan.

The Board discussed ways to calculate a participation rate for the college plan. Mr. Saville suggested comparing the number of Delaware accounts opened in the college plan to the population of children in Delaware.

Mr. Meyer agreed to circulate a draft of potential goals to the Board prior to the next meeting.

Mr. Meyer provided an update on the relationship with the Delaware Children's Museum. Mr. Meyer met with the museum's executive director to discuss future opportunities to promote the plan in conjunction with the museum.

Mr. Meyer said he and Mr. Kimmel also met with the Division of Libraries to discuss opportunities to promote the college plan through the library network. OST and Fidelity have also been discussing regional events at museums, theaters, and festivals where the plan could be promoted.

#### **ACTION ITEMS/DISCUSSIONS—RETIREMENT PLANS**

Mr. Meyer brought forward a proposal to amend the 457(b) plan, consistent with what was discussed at the October Deferred Compensation Committee meeting. The proposed amendment would allow the rollover of 401(a) assets to the 457(b) plan after a qualifying event such as retirement or termination from employment.

**A MOTION was made by Mr. Campbell-King and seconded by Mr. Shandler to accept the proposed amendment to the 457(b) plan.**

**MOTION ADOPTED UNANIMOUSLY**

The next item discussed by Mr. Meyer was approval of a new share class level for four Tier II Vanguard fund as outlined on the memo drafted by Mr. Green and Cammack. Mr. Snyder explained the rationale for the change. With an increase in assets, Mr. Snyder identified the four funds were eligible for lower share classes. Mr. Snyder described this as routine for retirement plans. Mr. Snyder stated this would reduce costs.

**A MOTION was made by Mr. Cetrulo and seconded by Mr. Colberg to approve the new share class for the four Tier II Vanguard funds.**

**MOTION ADOPTED UNANIMOUSLY**

Mr. Meyer presented the recommendation to extend Cammack's contract for another year. Members discussed Cammack's work and recommended extending the contract.

**A MOTION was made by Mr. Campbell-King and seconded by Ms. Hayes-Arrington to extend Cammack's contract for another year.**  
**MOTION ADOPTED UNANIMOUSLY**

## **EXECUTIVE SESSION**

Executive session to discuss investment strategy on the college plan.

**A MOTION was made by Mr. Scoglietti and seconded by Mr. Shandler to move into executive session.**  
**MOTION ADOPTED UNANIMOUSLY**

The meeting went into executive session at 9:52 a.m.

## **PUBLIC SESSION**

**Action Items/Discussions (continued) College Plan, ABLE and Board Structure**  
At 10:17 the public session resumed.

Mr. Staib reported that he had reviewed the proposed investment changes to the IMA and approved them.

**A MOTION was made by Treasurer Simpler and seconded by Mr. Saville to execute changes requested by Fidelity to the Investment Management Agreement ("IMA") for the college plan. In particular, the motion called for allowing index funds into active asset portfolios, replacing the EAFE fund with ACWI ex US fund, replacing the EAFE general fund with the ACWI ex US standalone fund and updating the IMA fund to reflect these changes, subject to legal review.**  
**MOTION ADOPTED UNANIMOUSLY**

Mr. Meyer discussed updating the terms of the Master Administrative Services Agreement ("MASA") and extending Fidelity's contract for another 2 ½ years. Treasurer Simpler remarked the discussions with Fidelity were productive and that he looks forward to working with Fidelity to promote the plan. On the advice of Mr. Staib, OST determined it would be best to have the PMB formally approve the agreement with Fidelity.

**A MOTION was made by Treasurer Simpler and seconded by Mr. Scoglietti to update the terms of the MASA and extend Fidelity's contract.**  
**MOTION ADOPTED UNANIMOUSLY**

Mr. Meyer spoke about minutes for the September 5, 2017 and July 25, 2017 meetings.

**A MOTION was made by Mr. Scoglietti and seconded by Mr. Campbell-King to approve the minutes for the July 25, 2017 meeting.**  
**MOTION ADOPTED WITH NINE VOTES IN FAVOR AND ONE ABSTENTION**

**A MOTION was made by Mr. Scoglietti and seconded by Mr. Campbell-King to approve the minutes for the September 5, 2017 meeting.**  
**MOTION ADOPTED UNANIMOUSLY**

Treasurer Simpler provided an update on the most recent ABLE Task Force meeting. The Treasurer outlined three paths for moving forward: 1) issuing an RFP, 2) having the Task Force review four prescreened plans, and 3) immediately joining the 16 state consortium. Mr. Masood gave an overview of the pros and cons associated with each path. Mr. Scoglietti asked about fees. Mr. Masood replied that the fees are similar for the four major plans. Ms. Gonzalez noted that, irrespective of what Delaware does, individuals would retain the right to join any state's ABLE plan. Mr. Green emphasized the importance of scale and staying power in ABLE. Mr. Saville queried how much in assets the largest ABLE plan has. Mr. Masood replied that the largest plan, Ohio and its contracting states, has \$17.5 million in assets. Mr. Meyer mentioned a fourth path -the "facilitator" model - where a state without a plan provides information on ABLE plans in other states.

Mr. Shandler asked for Treasurer Simpler's opinion. The Treasurer responded that it probably does not make sense to do a RFP given the amount of diligence performed to date, and that he viewed reviewing the four plans as a good option. The Treasurer noted that, based on Task Force discussions, the consortium likely would be the choice of such a process. Mr. Campbell-King pointed out that ABLE is very important to ABLE utilizers and the importance of Delaware offering a great plan. Mr. Campbell-King expressed interest in joining the consortium or taking the facilitator route. Mr. Scoglietti said he did not see the benefit in issuing a full RFP nor did he see any advantages to contracting out versus joining the consortium. Mr. Scoglietti expressed his support for the consortium as a good product with low fees. Mr. Scoglietti also noted that the General Assembly wanted Delaware to have a plan and the consortium would honor that intent as opposed to a "facilitator" path. Ms. Field Rogers also indicated support for the consortium, pointing out that the Department of Education's experience has shown that consortiums work well.

Mr. Cetrulo said he has long favored the consortium due to its fees, account features, and Delaware retaining control of accounts. Mr. Cetrulo did not see a compelling reason to select another option. Mr. Saville stated the consortium represents the best bet for what the Board and Delaware want to accomplish. Mr. Shandler expressed support for the consortium as well.

**A MOTION was made by Mr. Saville to join the Consortium.  
MOTION ADOPTED UNANIMOUSLY**

Mr. Meyer raised OST's recommendation to restructure the Board for 2018. The old committee structure with a 529 committee, a deferred compensation committee, and a task force on ABLE would be replaced with two committees. Those committees would be the investment committee and the audit & governance committee. Mr. Meyer provided an overview of how the new structure would work and look, along with potential members of each committee.

Treasurer Simpler pointed out that OST would provide memos to the committees to prepare them prior to making decisions. Mr. Shandler voiced his strong support for OST continuously improving processes for the Board. Ms. Gonzalez spoke about audit issues and projected that meetings for the audit & governance committee would take two to three hours a quarter. Treasurer Simpler identified key initial duties of the investment committee as reviewing metrics for the plans and developing investment policy statements to complement the plan document for each plan. Treasurer Simpler indicated a good set of metrics will allow the committee to maximize meeting efficiency. Treasurer Simpler thanked Mr. Campbell-King and Mr.

Colberg for agreeing to serve as committee chairs. The committees will include non-Board members, and Treasurer Simpler mentioned two prospective candidates for the investment committee.

**A MOTION was made by Mr. Cetrulo and seconded by Mr. Saville to adopt the new committee structure.**

**MOTION ADOPTED UNANIMOUSLY**

There was a discussion about the details of the restructured board, such as who would have the authority to appoint committee members. Treasurer Simpler said OST would work on a comprehensive set of resolutions to address all outstanding issues and submit them to the Board for approval.

#### **PUBLIC COMMENTS**

No members of the public attended the meeting.

#### **ADJOURNMENT**

**A MOTION was made by Mr. Scoglietti and seconded by Mr. Campbell-King to adjourn the meeting at 11:29 a.m.**

**MOTION ADOPTED UNANIMOUSLY**

Respectfully submitted,

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Stephen Saville,  
Chair, Plans Management Board